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SIPDIS

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TAGS: [PGOV](#) [PINR](#) [PREL](#) [CI](#)
SUBJECT: CHILE'S UNASUR DESIGNEE ON BOLIVIA CRISIS PROVIDES
READOUT ON COCHABAMBA MEETING

REF: A. SANTIAGO 854
[1](#)B. SANTIAGO 852
[1](#)C. SANTIAGO 851
[1](#)D. SANTIAGO 846

Classified By: Amb Paul Simons for reasons 1.4 (b and d).

Summary

[1](#)1. (C) According to Chile,s UNASUR representative Juan Gabriel Valdes, UNASUR's role in helping resolve Bolivia's political crisis remains unclear, although it appears Morales wants UNASUR present and prepared to intervene should tensions escalate. Talks in Bolivia are focused on two technical areas: hydrocarbon taxes, and autonomy/constitutional reform; and a broader plenary session led by the prefects and the Bolivian Vice President. The climate at the plenary session was "very negative," but a follow-up meeting scheduled for October 5 may hold out promise of success in reducing tensions. Valdes believes there is scope for a tradeoff, with provincial prefects agreeing to move forward with a legitimate vote on the new constitution, provided Morales agrees to a number of changes in the document. Valdes is pushing both parties to be reasonable - arguing to the prefects to focus on "seven rather than two hundred" changes to the constitution and to the Bolivian government to demonstrate flexibility. End summary.

Crisis Still Brewing

[1](#)2. (C) The Ambassador, accompanied by Poloff, met September 30 with Juan Gabriel Valdes, Chile's former UN PermRep and tapped by President Bachelet to coordinate UNASUR's ongoing effort to help defuse the Bolivian crisis (reftels). Valdes described Bolivia as "perhaps the most explosive internal problem in Latin America in the last 100 years." He said he thought it was a huge mistake for the prefects to call the referendum, given that Morales ended up carrying a majority nationwide. The referendum led to a stalemate, with both prefects and Morales claiming they had the support of the majority--the prefects because they had the support of the majority of their region, and Morales because he had a majority of the country. Valdes noted the conflict has racial overtones. Santa Cruz press reports repeatedly refer

to Morales and his supporters in derogatory terms, and, in informal settings, some in the breakaway areas - where the most radical supporters of autonomy have Polish, German, and Croatian last names- denigrate Morales as a "monkey."

13. (SBU) International observers present at the September 25 meetings in Cochabamba included representatives from the EU (British and French ambassadors); an OAS rep; UNDP; and a UNASUR delegation consisting of Valdes and representatives from Brazil, Argentina, Paraguay, Ecuador, Venezuela (3 reps whereas all other countries sent one), Uruguay, Colombia, and Peru. The meetings were divided into two working groups covering hydrocarbon taxes and autonomy/constitutional issues; and a broader plenary session led by the Bolivian vice president and the prefects. The OAS was actively involved in the drafting groups on hydrocarbon taxes and constitution/autonomy issues.

14. (C) Valdes said accusations about the U.S.' alleged role in fomenting opposition to Morales were never mentioned during the Cochabamba meeting, either in the sessions or on the margins. Privately, other diplomats there attributed Ambassador Goldberg's expulsion to "being in the wrong place at the wrong time." The Ambassador raised with Valdes our concerns with the treatment of Ambassador Goldberg and the continued threat of violence to our diplomatic presence in La Paz. Valdes in turn expressed his appreciation for the professionalism of Ambassadors Goldberg and Duddy.

15. (C) Valdes said that UNASUR's role in meeting the crisis is, as yet, "very poorly defined." The Venezuelan rep insisted that UNASUR not talk at all to the prefects. Valdes scoffed that this would have been impossible and added he had spoken with the Bolivian Vice President Alvaro Garcia, who said it would be fine for UNASUR to talk with prefects. "The Venezuelans are more pro-Morales than Morales," Valdes observed.

16. (C) Valdes said the OAS was more directly involved than UNASUR in working on the texts of the draft constitution under discussion. Morales wanted to hold UNASUR in reserve to play an observer role and be there to intervene in case it became a larger crisis (e.g. more violence).

17. (C) The plenary meeting had featured a "very negative" climate. There seems to be a chicken and egg issue: Do the prefects agree to support a new constitution first, or do they appeal to supporters for calm first? According to Catholic Bishops in the area, many of the opposition attacks were on government buildings that hold tax and property records, so motivation seemed to be partly to destroy these records which could indicate large scale distribution of property to prominent individuals during the Banzer administration. Valdes has asked prefects to list a select number of specific items that they needed to see changed in the Constitution. He suggested that Morales would show flexibility in agreeing to specific constitutional changes in exchange for the prefects agreeing to a "legitimate" vote.

Next Steps

18. (C) The plenary will reconvene in Cochabamba the morning of October 5, with OAS, UNASUR and other international representatives present. OAS SecGen Insulza called Valdes to say that Sunday meeting could be a big success--could lead to agreement. Valdes thinks it could go either way.

Additional Observations

19. (C) Valdes said no one is speculating about what will happen with the Bolivian military. Valdes believes the government won't deploy the military due to fear it might commit "excesses." Most military personnel are indigenous

from the altiplano and so not likely to support the opposition.

¶10. (C) Bachelet enjoys excellent relations with Morales, as do Chilean Foreign and Defense Ministers with their Bolivian counterparts. Morales confides in Bachelet, considers her to be a friend, and she can give him advice as a friend without Morales getting upset. Valdes noted that Brazil (Lula) and Argentina (Fernandez) have "complicated" bilateral relations with Bolivia rooted in energy dependencies linked to specific provinces. Those complications limited the scope of Brazilian and Argentine diplomacy with Bolivia. Chile,s century-old border issue with Bolivia, by contrast, does not appear to have impeded closer coordination, largely because Chile has no existing economic relationship or dependencies to protect.

Comment

¶11. (C) Valdes made a forceful presentation to the effect that both he (on behalf of UNASUR) and the OAS are pressing hard on both parties of the Bolivian conflict to reconcile their differences. We believe that Bachelet,s relationship with Morales has improved over the past year to the extent that she could be a valuable bilateral interlocutor. As Valdes pointed out, it is ironic that three Chileans "Valdes, Insulza and Bachelet" are poised to play such important roles in managing the Bolivia crisis. End comment.
SIMONS